

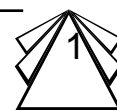


ADP
UNEMPLOYMENT
GROUP

Client Guide

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INTRODUCTION

Thank you for selecting the ADP Unemployment Group as your unemployment service provider. We look forward to the opportunity of earning your business daily. ADP realizes how precious our clients are and we are committed to ensuring the quality service, which has continually distinguished us as the leader in our industry. ADP recognizes that in our service environment, ***“Each client and prospect counts; each person counts; each deed counts; and each contact between a client or a prospect and an associate counts. Each client and prospect is either prospective future business or a prospective loss...depending upon the quality of our products, services and associates.”***

This ADP Unemployment Group Client Guide is meant to serve as a general guide to unemployment compensation services. It does not purport to be, and should not be read as, an authority on legal issues related to unemployment compensation services, including and without limitation, those involving employment discrimination, fair labor practices and statutory leaves of absence. ADP is not engaged in the practice of law. ADP Unemployment Group does not render legal advice.

The goal of ADP's unemployment service is to control your unemployment costs through a client driven partnership. The purpose of the Client Guide is to introduce your company to the specific procedures for utilizing the service and to identify the associated responsibilities. It is important to the success of the cost control process that your company follow these guidelines to maximize the effectiveness of the service. Working together, we will ensure timely compliance to statutory requirements and address all savings opportunities with a common goal of reducing the overall unemployment cost to the lowest possible level.

UNEMPLOYMENT OVERVIEW

Unemployment Insurance is funded by two employer paid taxes. The first is a federal tax that cannot be controlled (FUTA). The second is a state tax that complies with broad federal guidelines (SUI). The purpose of unemployment benefits are to provide workers with partially replaced wages who are unemployed through NO FAULT of their own, and are available for other jobs. Since unemployment is open to liberal interpretation, many people who are not eligible for benefits still manage to collect. Every separation from your payroll is a potential claim for unemployment benefits and each eligible claim is a possible charge to your SUI account. It is your responsibility to protect yourself against unjustified charges.

EMPLOYEE SEPARATIONS

Once an employee separates from your company, immediately follow your company's procedures for documenting the separation. It is imperative that you complete documentation at the time of the separation to ensure all the details are complete. All supporting documentation (i.e., written warnings, employee correspondence, and time sheets) should be attached to separation documentation and placed in the appropriate file to insure easy access should an unemployment claim be filed.

Another method of documenting employee separations is using the ADP Payroll Service. An employee's last day worked and the reason for separation can be coded in your ADP payroll masterfile. A list of UCS Separation Codes has been provided in the Appendices.

LAYOFFS

If your company experiences layoffs or shutdowns (either of a permanent or temporary nature) of two or more employees, you might want to send a listing of these employees to your ADP Unemployment Group claims service representative. This listing should include each employee's Social Security number, name, last day worked, location number and/or state where worked and any separation pay received. There are other methods you might elect to use, which can be discussed with either your claims service representative or account manager.

CLAIMS PROCESSING

Once a claim form is received by ADP, your claims service representative will review available separation information through your payroll system (if appropriate). If additional details or documentation is required, your representative will contact the appropriate location contact at your company. It is important that you provide the necessary details in a timely manner so we may respond within the state's time limit and protect your rights. Once your representative has all of the necessary information, a response will be submitted to the state agency as appropriate.

RECEIPT OF UNEMPLOYMENT CORRESPONDENCE

If you receive a claim, determination, decision or any other unemployment correspondence, you should determine when and if a response is required by a certain date. The due date will be either listed on the form or indicated by a specific number of days from the mail date. ***By not verifying the due date and taking the appropriate action, your company may forfeit their appeal rights and/or be assessed a monetary penalty.*** If you determine that there are **four (4) business days or less** until the due date, call your claims service representative immediately, so they may guide you on the appropriate action. Any documents requiring a turnaround of **five (5) business days or more** should be faxed. To protect your interests, you should not complete a claim form without first consulting with your claims service representative.

STATE AGENCY INQUIRIES

If you receive an inquiry from a state agency regarding separation or wage information, direct the inquiry to your claims service representative so they may respond on your behalf. Your representative is prepared to protect your interests in the unemployment arena and ensure the proper facts are communicated as they relate to unemployment law.

HEARINGS

If you receive a notice of an unemployment hearing, immediately fax the notice to ADP. Should the scheduled date of the hearing be within **three (3) business days or less**, notify your claims service representative of the fax. Hearing representation cannot be guaranteed if ADP does not receive the hearing notice at **least three (3) business days** prior to the hearing date. If we receive a hearing notice directly, ADP will notify you of the date and time and arrange for representation. Your claims service representative will review the issues and documentation, determine if a witness from your company is required, and prepare for the hearing. In those states that require ADP to provide an attorney to represent you (AZ, IN, MO, NC, SC, SD, WV), there will be an additional fee of \$150.00.

PROGRESSIVE DISCIPLINE

POLICIES AND PROCEDURES

- Company policies and procedures should be introduced to the employee on the first day. These policies and procedures should be detailed in writing and communicated to the employee. All new hires should sign an acknowledgement of having received or reviewed any policies or procedures.
- You must enforce policies and procedures fairly, consistently and without favoritism.

RULES OF CONDUCT

You should establish and enforce standards for employee conduct and penalties for infractions of those established standards. These standards, as well as the penalties for violating them, should be communicated to your employees. The fair and impartial application of the established rules of conduct to all employees is extremely important.

PROGRESSIVE DISCIPLINE *(Continued)*

Some areas to be considered in employment conduct are:

- Excessive absenteeism or tardiness
- Leaving the work area during regular working hours without permission
- Use of obscene, abusive or threatening language
- Unauthorized use of telephone for personal use
- Reporting to work unfit for duty
- Creating unsafe or unsanitary conditions
- Smoking in prohibited areas
- Unauthorized use or disclosure of information or records

Some possible actions which may result in dismissal:

- Refusal to comply with reasonable instruction of the supervisor
- Refusal to work overtime when a reasonable request is made
- Falsifying application for employment
- Falsifying time cards or work records
- Fighting or horseplay
- Malicious damage to company property
- Unauthorized long distance telephone calls
- Gambling or conducting unlawful games of chance on the premises
- Sleeping on the job

This is not an exhaustive listing of all possible conduct for which an employer may wish to terminate an employee. Therefore, an employer may wish to add a “catch-all” declaration that disciplinary action up to and including dismissal will be imposed for any action which is a violation of company policies, threatens the health or well-being of fellow employees or the continued productivity of the company and re-emphasize that the list is for illustrative purposes only, that employment is “at will” and can be terminated with or without cause.

PROGRESSIVE DISCIPLINE

By providing company policies and procedures, you are notifying your employees of potential violations before they occur. All violations of company policies or procedures should result in disciplinary action.

- Managers should follow their company’s guidelines for verbal warnings, written warnings and terminations.
- Disciplinary action should occur as soon as possible after the violation of such rules or policies has occurred.
- Counseling should be held in private and with objectivity. Managers should focus on the situation and be specific on areas needing correction. Emotional confrontations should be avoided.
- The employer must show that the employee was fully aware of the issue at hand, the rule(s) that were broken and what the proper behavior should have been.
- The employee should be allowed to explain the behavior in question.

PROGRESSIVE DISCIPLINE *(Continued)***VERBAL WARNING**

For the first offense, a verbal warning should be adequate. Ignoring an incident serves to condone the act. Make it clear, however, that a more serious penalty will be imposed if it happens again. Steps to be taken should include:

- Review, in private, the facts of the circumstances with the employee involved.
- Tell the employee what action will be taken if another violation occurs.
- Keep a record of the verbal warning in the employee's file. Be sure to include names of witnesses, the date of offense, and of the warning.

WRITTEN WARNING

If, after receiving a verbal warning, the offense is repeated, a written warning should be considered.

- Review the facts of the case with the employee involved.
- Make a record of the meeting, stating the facts that were reviewed with the employee and the action taken. If possible, obtain the employee's signature.
- If the employee refuses to sign, have another associate sign the notice to attest to the employee's refusal.
- Tell the employee what action will be considered if another violation occurs.
- Place the written warning memo in the employee's personnel file. A copy should be given to the employee.

SUPPORTING DOCUMENTATION

- All infractions should be documented in written format. The employer should give the employee copies of warnings. The employee should sign an acknowledgment of having received each document.
- Documentation supporting a discharge may include written warnings, employment application, company policy, a witness(s) statement and signed acknowledgments.
- Documentation supporting a voluntary quit may include a letter of resignation and an exit interview.

Effective documentation is critical when protesting eligibility for benefits. Undocumented reasons for termination may lead to the claimant collecting Unemployment Insurance benefits. Documentation usually prevails over an unwarranted claim, but unsupported recollections do not. When creating documentation, include specific details of the incident that occurred, but exclude any opinions about the situation. With respect to unemployment, supportable facts count; opinions do not.

It is necessary to enforce your company's rules. This must be done fairly and consistently. Generally, disciplinary action will be accepted by employees as justified and fair if you consider the following:

1. Advance warning: The employee must understand in advance that a given offense will lead to disciplinary action. Sudden enforcement of a rule that has been repeatedly violated in the past would be considered unfair.
2. Immediate discipline: After a rule has been violated, begin the disciplinary process as soon as possible.

PROGRESSIVE DISCIPLINE *(Continued)*

3. Objectivity: All discipline should be carried out quietly and objectively and not in the presence of the employee's co-workers.
4. Consistency: Discipline that is consistent helps set limits; inconsistent discipline leads to confusion, uncertainty and potential claims of discrimination.

THE MANAGER'S ROLE

You, the manager, can help control the high cost of unemployment to your company by adhering to the following steps:

- Inform employees of specific rules and practices.
- Keep employees aware of rules and policies and any changes when they occur.
- Enforce these rules and policies fairly and consistently.
- Employ effective discipline, when necessary.
- Record violations of employee rules and policies, as well as complete details of such incidents.
- Report offenses and warnings to your Human Resources Office, using approved forms.

Employee rules may be the responsibility of the Human Resources Department; however, it is the responsibility of the manager to enforce these rules and take disciplinary action when they are violated.

AVOIDING THE NEED TO DISCIPLINE

Strong leadership and good supervisory practices can reduce the need for disciplinary actions. Once your employees understand what is required of them, they can usually be counted on to do their jobs effectively. They will respect rules—not because they fear punishment, but because they believe in doing things the right way.

The following suggestions may help you avoid the need to discipline employees:

- Make sure employees know what is expected of them. Each employee you manage should receive a copy of the company rules and sign an acknowledgment of its receipt.
- Be certain that you know company policies dealing with hours of work, recording time, absences, tardiness, insubordination, vacations, holidays, work records, the penalties for offenses and the degrees of disciplinary action.
- Keep an ongoing record of employee's performance.

TYPES OF SEPARATIONS

VOLUNTARY

Eligibility for benefits may be denied if the employee is unable to substantiate “good cause”.

- Examples of quits that may be considered **good cause** are medical situations, various types of harassment, and changes in the working conditions (i.e. pay, hours and job location).
- Examples of quits that may **not** be considered **good cause** include medical reasons when a leave of absence was available, educational pursuits and general dissatisfaction.

LAYOFF

This is an involuntary separation and the claimant is generally granted benefits. When a temporary assignment ends, the state views the claimant to be “laid off due to a lack of work” unless immediate continued employment is available.

MISCONDUCT

Only discharges for “misconduct” are disqualifying for Unemployment Insurance purposes. If misconduct cannot be shown, the claimant may be eligible for benefits.

Methods of establishing misconduct:

- Follow the advice and recommendations of ADP’s UCS Representative.
- Follow your company’s progressive discipline policy.
- Discharge on the day of the final incident. If unable to discharge immediately, suspend the employee until a discharge can occur.
- Inform employee of the exact reason for the discharge.
- Discuss past performance issues, related to the final incident, at the time of the discharge.

EXAMPLES OF MISCONDUCT may include: theft, failure to report an absence, drinking alcoholic beverages on the job, coming to work under the influence of intoxicants, fighting on the job, sleeping on the job, insubordination, excessive tardiness or absenteeism and failing a drug test.

Remember that pre-separation or termination situations should be reviewed with your claims service representative or account manager, who can advise you of the best course of action to follow with regard to Unemployment Insurance exposure.

POOR PERFORMANCE

- Consider the following when discharging a long-term employee:
 - A. Identify the reason for the sub-standard performance.
 - B. Follow progressive disciplinary policy.
 - C. Document all actions.
 - D. Specify areas requiring improvement.
 - E. Establish a corrective action plan.

TYPES OF SEPARATIONS *(Continued)*

- Consider the following when discharging a short-term employee:

The employer has the burden to prove the sub-standard performance was a result of misconduct on the part of the employee.

Discharging for poor performance during the probationary period may minimize the benefits charged to the employer's account.

THE TERMINATION PROCESS

Maintain a professional demeanor and consider the following:

The Do's:

- Create a positive atmosphere.
- Follow company termination procedures and policies.
- Refer to previous warnings.
- Include witnesses when appropriate.
- Document all written and verbal warnings.

The Don'ts:

- Do not become emotional.
- Do not let the discussion lead to an argument.
- Do not stray from the specific problem.
- Do not act impulsively.

The keys to a favorable decision:

- Timely response.
- Solid first hand testimony, good documentation, and thorough investigations.
- Keeping accurate records.
- Following ADP's recommendations.
- Following company disciplinary policy.
- Review company regulations concerning the infraction.
- If an employee is voluntarily resigning, asking for a resignation letter along with the reason for the resignation.

TAX AND BENEFIT CHARGE DOCUMENTS

Service Features:

- Review annual tax rate notice(s) and verify rate(s)
- Conduct on-going charge audits to ensure accuracy of charges and receipt of credits due
- Calculate voluntary contribution opportunities and communicate recommendations

TAX DOCUMENTS

Copies of the following tax related documents should be forwarded to ADP:

- State Unemployment Tax Rate Notice(s)
- State Benefit Charge Statement(s)

Should your company acquire an additional entity or consider restructuring, transfer of experience and joint accounting analysis is available upon request for an additional fee.

MANAGEMENT REPORTS

ADP's Management Reports are designed to provide users with multiple levels of information. Summary reports are used to analyze and spot trends, while detail reports provide the supporting data needed to research and analyze the root causes of unemployment costs. A set of comprehensive claim reports chronicles all claim and appeal activity within your account. Charge reports provide a detailed accounting of all charges assessed against your accounts.

SEMINARS / NEWSLETTERS / TRAINING

Our quarterly "Update" newsletter will provide unemployment-related articles with regard to personnel practices, separation issues, documentation, and state laws and requirements. In addition, this newsletter will provide information about current and new service features offered.

Unemployment training videos and workbooks are available for an additional fee.

ADP Unemployment Group offers free **U.I. Basics** Training Seminars throughout the year. Additionally, we offer training seminars through "**ADP Workplace Blueprints.**" ADP Unemployment Group Clients will receive a discount on the ADP Workplace Blueprint Seminar rate. A listing of the upcoming seminars will be sent to you upon request. When returning your ADP Workplace Blueprints reservation form, please specify that you are a UCS Client to receive this discount.